

**JOINT PUBLIC HEARING ON  
BILL 15-1028, “BALLPARK OMNIBUS FINANCING  
AND REVENUE ACT OF 2004”**

**Before the  
Committee on Finance and Revenue and  
Committee on Economic Development  
Council of the District of Columbia**

**The Honorable Jack Evans and  
The Honorable Harold Brazil, Chairmen**

**October 28, 2004, 10:00 a.m.  
Council Chamber, John A. Wilson Building**



**Testimony of  
Natwar M. Gandhi  
Chief Financial Officer  
Government of the District of Columbia**

Good morning, Chairmen Evans and Brazil and members of the Committees on Finance and Revenue and Economic Development. I am Natwar M. Gandhi, Chief Financial Officer of the District of Columbia. I am pleased to be here today to testify on the “Ballpark Omnibus Financing and Revenue Act of 2004,” Bill 15-1028.

Funds are sufficient in the FY 2005 budget to implement the Ballpark Act, as proposed by the Mayor. There will be risks, however. The character of those risks will be discussed, but it is difficult to quantify them at this time because 4 of the 6 necessary agreements among the parties are not yet final and some of the costs are not as yet determined. This bill provides the basis for a major new construction project in the District. Bringing that project to completion on time and within budget will require a strong, experienced management team.

My testimony is based on the information we have as of this time. It examines two central questions: (1) will the financial structure proposed in this legislation raise sufficient funds to pay the estimated costs of the project contained in the agreement between Major League Baseball (MLB) and the District and (2) can the project be completed within the proposed costs?

The findings are:

- We estimate that the fees and taxes proposed in this legislation will raise more than enough money to pay the debt service on \$395.2 million, the

estimated costs of the project contained in the District's agreement with MLB.

- We estimate that bringing baseball to Washington could cost about \$486.2 million, or about \$91 million more than the budget in the agreement suggests, primarily because of the unknowns associated with infrastructure costs outside the stadium and other unforeseen contingencies. As a result of the increase in estimated project costs, more money will have to be borrowed and debt service will increase. Since the ballpark fees must cover about 80% of the debt service, the funds collected from fees will have to increase from about \$24 million to about \$26 million. Under current market conditions, the District would have to issue bonds in the amount of about \$500 million to raise this amount of money.
- The \$500 million bond issuance cap should be removed. Rather than specifying the bond amount, the legislation should fix the amount that can be spent on the project and adjust the structure of the new ballpark fee to raise that amount plus all associated financing costs and reserves as determined by the CFO. The legislation would then authorize the District to issue an amount of bonds sufficient to fund all of these items, as determined by the CFO. Such a change would allow the CFO the flexibility to issue bonds in the most efficient way possible.
- The Office of Tax and Revenue will have to spend additional money to administer the new fees and taxes. The costs are estimated to be about \$800,000 in the first year and \$500,000 each year thereafter.

Thank you for the opportunity to testify today. My staff and I are available to answer any questions you may have.

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